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**From:**

**Sent:** Monday, February 23, 2009 10:09:36 AM

**To:**

**Cc:**

**Subject:** RE: Circular Linkage RAR

I forwarded them to [redacted] for substantive comment. Jurisdictionally our primary position should be that the FPAA to the partnership entity that indirectly owns an interest in itself should be sufficient to deal with the issue. Specifically, the FPAA would disregard any income or losses that originate from the entity being included again when it flows to a tier partner and then back to the originating partnership through its small interest in the tier-partner.

The excluded income or loss that is initially allocated back to the source TEFRA partnership should, instead, be reallocated to the remaining members of the tier-partners in accordance with their proportionate profit/loss interest.

We should not have to initiate a second TEFRA proceeding for the tier-partner since we should be able to treat the reallocation as a purely computational issue resulting from the source TEFRA partnership proceeding.